

# NEWS RELEASE

## Canada remains outside top 10 countries in annual economic freedom report

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For immediate release

**TORONTO**—In the Fraser Institute’s annual *Economic Freedom of the World* report, Canada remains outside the top 10 most economically-free countries in the world.

In this year’s report, Canada ranks 14<sup>th</sup> based on 2020 data (the most recent available). Canada was last in the top 10 in 2017. Prior to that, it was only outside of the top 10 once dating back to 1970.

“Increased regulation and higher taxes, both federally and provincially, have made Canadians less economically free, which means slower economic growth and less investment across the country,” said Fred McMahon, Dr. Michael A. Walker Research Chair in Economic Freedom at the Fraser Institute.

The report measures economic freedom—the ability of individuals to make their own economic decisions—by analyzing the policies and institutions of 165 countries and territories. Indicators include regulation, freedom to trade internationally, size of government, property rights, government spending and taxation.

Of course, the pandemic had an effect, with 146 countries and territories experiencing a decline in economic freedom after governments worldwide imposed COVID restrictions in 2020 (again, the latest year of available data).

“While the report takes no position on whether public health measures were merited, there’s no question that government policies during the first year of the pandemic reduced economic freedom,” McMahon said.

Once again, Hong Kong ranks 1<sup>st</sup> followed by Singapore, Switzerland, New Zealand, Denmark, Australia, the United States, Estonia, Mauritius and Ireland.

“Hong Kong remains the most economically-free jurisdiction in the world, but this ranking is based on 2020 data and more recent interference from China threatens to undermine Hong Kong’s rule of law, which helps ensure equal freedom for all,” McMahon said.

The rankings of other major countries include Japan (12<sup>th</sup>), Germany (24<sup>th</sup>), Italy (43<sup>rd</sup>), France (54<sup>th</sup>), Mexico (65<sup>th</sup>), India (90<sup>th</sup>), Russia (94<sup>th</sup>), Brazil (114<sup>th</sup>) and China (116<sup>th</sup>).

People living in countries with high levels of economic freedom enjoy greater prosperity, more political and civil liberties, and longer lives.

For example, countries in the top quartile of economic freedom had an average per-capita GDP of US\$48,251 in 2020 compared to US\$6,542 for bottom quartile countries.

And poverty rates are lower. In the top quartile, 2.02 per cent of the population experienced extreme poverty (US\$1.90 a day) compared to 31.45 per cent in the lowest quartile.

Finally, life expectancy is 80.4 years in the top quartile of countries compared to 66.0 years in the bottom quartile.

“Where people are free to pursue their own opportunities and make their own choices, they lead more prosperous, happier and healthier lives,” McMahon said.

The Fraser Institute produces the annual Economic Freedom of the World report in cooperation with the Economic Freedom Network, a group of independent research

and educational institutes in nearly 100 countries and territories. It's the world's premier measurement of economic freedom.

The report was prepared by James Gwartney, Florida State University; Robert A. Lawson and Ryan Murphy of Southern Methodist University; and Joshua Hall, West Virginia University.

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**MEDIA CONTACT:**

Fred McMahon, Dr. Michael A. Walker Research Chair in Economic Freedom, Fraser Institute

*To arrange media interviews or for more information, please contact:*

Mark Hasiuk, Senior Media Relations Specialist, Fraser Institute, (604) 688-0221 Ext. 517,  
[mark.hasiuk@fraserinstitute.org](mailto:mark.hasiuk@fraserinstitute.org)

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